PREPARED BY: DATE PREPARED: PHONE: Sandy Sostad March 29, 2017 471-0054

LB 263

Revision: 01

Revised on 3/30/17 based upon amendments adopted through 3/28/17.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2017-18 FY 2018-19						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS		(\$2,500)		(\$2,500)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$2,500)		(\$2,500)			

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 263 requires the Department of Motor Vehicles (DMV) to implement an electronic dealer services system. Dealers may voluntarily participate in the system and provide titling and registration services. Dealers will be authorized to collect title and registration fees, sales taxes and motor vehicle taxes. DMV may adopt rules and regulations governing the dealer services system. The system is to be implemented on a date determined by the director of DMV, but not later than January 1, 2021. The act is operative on January 1, 2019.

Expenditures: DMV will incur expenses to implement the electronic dealer services system. The department is in the process of a modernization project to replace its Vehicle Title Registration System. The Legislature provided cash funds beginning in FY2014-15 for the project. The department has a biennial budget request of \$14,598,490 of cash funds for FY18 and \$10,134,987 for FY19 to continue implementation of the project. The base system is scheduled to be implemented and operational in September of 2019. An electronic dealer services system is a component of the modernization project, so a portion of the total project cost will be devoted to the new electronic system. If the biennial budget request of the department is funded as recommended by the Appropriations Committee, then LB 263 will have no additional fiscal impact.

The Department of Correctional Services indicates the provisions of the bill relative to distribution of license plates will have no fiscal impact for the agency in the next biennium. The Department of Revenue assumes the electronic dealer licensing system will not have a fiscal impact for the agency as long as paper filings of motor vehicle taxes are allowed. DMV indicates that will not change with the new dealer services system.

Revenues: LB 263 does not change any fees or taxes currently pertaining to licensing or registering motor vehicles. So, dealers will collect the same amount of motor vehicle taxes and fees and will remit the fees or taxes to the state and counties as is required by current law. However, the bill, as amended, allows dealers to charge and retain a fee of up to \$50 for those electing to use the electronic dealer services system.

The bill changes the required time period for county treasurers to remit fees and taxes to the state. Currently, title fees are required to be remitted to the state by the 15th day of the month and vehicle fees and registration fees are required to be remitted by the 25th day of each month. The required remittance date is synchronized to be the 20th day of each month. The change may have a slight unknown fiscal impact for counties or the state in terms of interest earned on funds.

The bill provides for a new \$1.50 fee if an individual opts to change the address on a registration certificate prior to annual renewal. It is assumed there will be little new revenue pursuant to the option.

<u>Transportation Committee Amendments</u>: LB 263, as amended, includes the provisions of LB's 54, 143, 164, 460, and 483 which have no fiscal impact. The amendments also include the provisions of LB 70, 294, 418 and 459 for which the following comments are provided relative to a fiscal impact. A new section of law is also added which has a minimal impact on cash fund revenue.

<u>LB 70</u> – The provisions originally contained in LB 70 provide some discretion in terms of the revocation of motor vehicle operator's licenses by courts when a person operates a vehicle during the time a license has been revoked or impounded. If a person is placed on probation for operating a motor vehicle when an operator's license is revoked, then the court has discretion as to whether a license is to be revoked. It is possible the change in the law may have some impact on the number of operator's licenses revoked in the future which will impact revenue received by the Department of Motor Vehicles. The change in license revocations is unknown, but not projected to be significant.

<u>LB 294</u> – The bill allows DMV to enter into a reciprocity agreement with a foreign country to provide for the mutual recognition and reciprocal exchange of a valid operator's license issued by this state or the foreign country if the department determines that the licensing standards of the foreign country are comparable to the state's standards. The agreement cannot pertain to commercial motor vehicle licenses. These provisions should not have a fiscal impact on license fee revenues because DMV indicates that individuals receiving a license pursuant to a reciprocal agreement will have to pay the appropriate fee to obtain an operator's license.

<u>LB 418</u> - The bill increases the amount that may be imposed as a civil penalty by the Superintendent of Law Enforcement and Public Safety against motor carriers transporting persons or property in interstate commerce for various violations. The State Patrol indicates the increase in the fine for violations of subsection (1) of Section 75-369.03 will increase annual revenue by about \$110,000 based upon violations in the last calendar year. The current penalty is a maximum of \$500. The bill increases the maximum penalty by \$300, to a total of \$800. The revenue accrues to the county where the violation occurs, for use by public schools. The other changes in penalties in the bill may have a minimal, if any, increase in revenue because violations are rarely cited.

<u>LB 459</u> – The bill requires the State Fire Marshal to adopt and promulgate rules and regulations for the statewide one-call notification center. The Fire Marshal estimates an annual cost of \$150 to publish notices of regulation hearings. The agency indicates it can absorb the increased costs with existing resources. Provisions in LB 459 also increase a civil penalty for violations related to underground facilities. Any increased revenue from the civil penalty will accrue to the county where the violation occurs for use by the public schools.

The amendments to LB 263 also include new provisions in Sections 10 and 11 which allow owners to apply for a title for a vehicle manufactured more than 30 years prior to the application date when an owner does not have a title certificate. The bill establishes a \$25 title fee which is credited to the DMV Cash Fund. The changes result in a loss in revenue for the DMV Cash Fund because currently a fee of \$50 would have been charged for a bonded title for these vehicles. DMV estimates an annual loss of \$2,500 of cash fund revenue.

ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 263	AM:	AGENCY/POLT. SUB: No	ebraska Department of Revenue		
REVIEWED	BY: Lee Will	DATE: 02/03/2017	PHONE: (402) 471-4175		
COMMENTS: Concur with the Nebraska Department of Revenue's assessment of no fiscal impact.					

ADMIN	ISTRATIVE SERVIC	ES STATE BUDGET DIVISION: REVIEW OF AGENCY & P	OLT. SUB. RESPONSES			
LB: 263	AM:	AGENCY/POLT. SUB: Douglas County	у			
REVIEWED	BY: Lee Will	DATE: 01/19/2017	PHONE: (402) 471-4175			
COMMENTS: Concur with the Douglas County's statement of no fiscal impact.						

LB ⁽¹⁾ 263			FISCAL NOTE
State Agency OR Political Subdivision N	Motor Vehicles		
Prepared by: (3) Bart Moore	Date Prepared: (4)Ja	nuary 18, 2017 Phone: (5)	(402)471-3902
ESTIMATE	PROVIDED BY STATE AGENCY O	OR POLITICAL SUBDIVISI	ON
	FY 2017-18	FY 2018	8-19
EXPEND		<u>EXPENDITURES</u>	REVENUE
GENERAL FUNDS			
CASH FUNDS			
FEDERAL FUNDS			
OTHER FUNDS			
TOTAL FUNDS (0	0	0
Explanation of Estimate:			
	ct. No additional fiscal impact is a EAKDOWN BY MAJOR OBJECTS O		
Personal Services:			
POSITION TITLE	NUMBER OF POSITIONS <u>17-18</u> <u>18-19</u>	2017-18 <u>EXPENDITURES</u>	2018-19 EXPENDITURES
		-	1
Benefits			
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
TOTAL		0	0

TOTAL.....

LB ⁽¹⁾	263							FISCAL NOTE
State Agency OR Political Subdivision Name: (2)			Nebraska Department of Correctional Services					
Prepared by: (3) Sara Sump		Date F	Prepared: (4)	1/17/17	Phone: (5	402.479.5702		
		E	STIMATE PROVI	DED BY ST.	ATE AGENO	Y OR POLITIC	CAL SUBDIVIS	ION
			EXPENDITURES	<u>2017-18</u> <u>S R</u>	EVENUE	EXPENI	<u>FY 201</u> <u>DITURES</u>	REVENUE
GENE	RAL FUNI	DS	0		0		0	0
CASH	FUNDS							
FEDEF	RAL FUNI	os						· · · · · · · · · · · · · · · · · · ·
OTHE	R FUNDS					·		
TOTA	L FUNDS		0		0	<u></u>	0	0
Explan	ation of Es	stimate:						
Depart 1, 201	tment of N 9 and in of ter the er	Motor V discuss	ehicles through a dions with DMV, th	secure pro le legislatio	ocess and sond sond sond sond sond sond sond so	ystem." The c ange the distr	perative date ibution proces	ear as directed by the of the bill is January is for license plates partment in FY 17-18
Danson	al Services		BREAKDO	WN BY MAJ	OR OBJECT	S OF EXPEND	<u>ITURE</u>	
rerson		iON TI		UMBER OF 17-18	POSITIONS 18-19		17-18 DITURES	2018-19 EXPENDITURES
Benefit	s		 -					
Travel								
Capital	outlay							
Aid								
Capital	improven	nents						

0

0

LB 263 Fiscal Note 2017

State Agency Estimate						
State Agency Name: Department	of Revenue				Date Due LFA:	2/3/2017
Approved by: Tony Fulton		Date Prepare	ed:		Phone: 471-5896	
	FY 2017	-2018	FY 2018	<u>-2019</u>	FY 201	9-2020
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	See below	\$ 0	See below	\$ 0	See below	\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	See below	\$ 0	See below	\$ 0	See below	\$ 0

LB 263 updates the Department of Motor Vehicles (DMV) electronic vehicle title and registration (VTR) system and allows motor vehicle, ATV, and UTV dealers to offer one-stop VTR at the location of the dealer.

This bill amends many sections, but mostly the changes accommodate an electronic title or registration that is issued by an approved licensed dealer participating in the electronic dealer services system created by section 36 of the bill. Changes allow a title to be issued in any county in the state instead of only the county where the vehicle has situs. If the electronic VTR system is used, the title and registration will be delivered.

Section 36 allows the DMV to approve a licensed dealer to participate in an electronic dealer services system. If the dealer chooses to participate, the dealer may collect from a customer that also agrees to participate, all registration fees, notation of lien fees, motor vehicle taxes and fees, title fees, and sales taxes. The DMV is to make the electronic VTR system available to these approved dealers in the manner chosen by the director. The Director may also remove anyone from the approved list for failure to remit any taxes or fees through the system. The approved dealer is not to disclose any sensitive or personal information.

The DMV may adopt rules and regulations. The Director will determine the date at which the electronic dealer services system is implemented, but no later than January 1, 2021.

It is estimated that this bill will have no impact on General Fund revenues.

The costs to the Department will be minimal as long as the Department is allowed to continue with paper filings. However, if the Department is required to provide for an entirely paperless filing system the costs for an electronic system will be significant.

The operative date for this bill is January 1, 2019.

Major Objects of Expenditure								
Class Code	Classification Title	17-18 <u>FTE</u>	18-19 <u>FTE</u>	19-20 <u>FTE</u>	17-18 Expenditures	18-19 Expenditures	19-20 Expenditures	
Benefits								
Travel								
Capital Outlay								
A * 1								
Total								

LB ⁽¹⁾ 263 AM53	38					FISCAL NOTE		
State Agency OR Political S	Subdivision Name: (2	Nebr	Nebraska Public Service Commission					
Prepared by: (3) Suzie Hinzman		Da	Date Prepared: (4) 03/28/2017 Pho		Phone: (5)	402-471-0240		
F	ESTIMATE PROV	IDED BY	STATE AGEN	CY OR POLITICAL	SUBDIVISIO	<u>ON</u>		
		Y 2017-18			FY 2018			
	<u>EXPENDITURI</u>	<u>ES</u>	<u>REVENUE</u>	EXPENDIT	<u>JRES</u>	<u>REVENUE</u>		
GENERAL FUNDS				_				
CASH FUNDS								
FEDERAL FUNDS		<u></u>						
OTHER FUNDS		_						
TOTAL FUNDS	0		0	0		0		
Explanation of Estimate:								
LB263 AM538 has no	fiscal impact for	the Public	Service Com	mission.				
	,							
	BREAKDO	OWN BY M	MAJOR OBJECT	TS OF EXPENDITU	RE			
Personal Services:		NUMBER	OF POSITION	S 2017-18	 8	2018-19		
POSITION TI		<u>17-18</u>	<u>18-19</u>	EXPENDIT		EXPENDITURES		
	_		_	_				
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL				0		Λ		

LB ⁽¹⁾ 263, AM	538				FISCAL NOTE
State Agency OR Political	Subdivision Name: (2)	State Fire Ma	rshal		
Prepared by: (3) Deb	Hostetler	Date Prepared	d: (4) 03/16/2017	Phone: (5)	(402) 471-9479
	ESTIMATE PROVI	DED BY STATE AC	GENCY OR POLITICAL	SUBDIVISIO	<u> DN</u>
	<u>FY</u> EXPENDITURES	<u>2017-18</u> S REVENU	JE EXPENDIT	<u>FY 2018</u> URES	-19 REVENUE
GENERAL FUNDS					
CASH FUNDS	\$150		<u></u> \$150		
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimate					
identified as needed t	o publish public no	lices of regulation	i nearings.		
D 1C'	BREAKDOV	WN BY MAJOR OB	JECTS OF EXPENDITU	J <u>RE</u>	
Personal Services:		UMBER OF POSIT			2018-19
POSITION T	ITLE	<u>17-18</u> <u>18</u>	<u> EXPENDIT</u>	<u>URES</u>	<u>EXPENDITURES</u>
Benefits					
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					
TOTAL					

LB ⁽¹⁾ 263				FISCAL NOTE				
State Agency OR F	Political Subdivision Name: (2)	DOUGLAS COUN	DOUGLAS COUNTY, NEBRASKA					
Prepared by: (3)	C/O MARCOS SAN MARTIN, DOUGLAS CO ADMINISTRATION	Date Prepared: (4)	1/18/17 Pho	one: (5) 402-444-5116				
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL SUBD	IVISION				
	<u>FY</u> EXPENDITURE	<u> 2017-18</u> <u> </u>	<u>FY</u> EXPENDITURES	<u>Z 2018-19</u> <u>REVENUE</u>				
GENERAL FUN	DS							
CASH FUNDS								
FEDERAL FUNI	DS	-						
OTHER FUNDS		_						
TOTAL FUNDS	-							
			= =====================================					
Explanation of E	stimate:							
NEGLIGIBLE C	OR NO FISCAL IMPACT			<u> </u>				
Personal Services		WN BY MAJOR OBJECT	IS OF EXPENDITURE					
		NUMBER OF POSITION 17-18 18-19	S 2017-18 EXPENDITURES	2018-19 EXPENDITURES				
Ranafits			-					
•								
Capital outlay								
-								
Capital improven	nents							
TOTAL								